

Potash Minerals edges closer to end of BLM Approval Process

On December 5, Potash Minerals ('Potmin', ASX: POK) announced that the 30 day public notice period for the federal land USA Bureau of Land Management's (BLM) drilling permit approvals ended on November 30, 2012. Potmin is sitting on major deposits of sylvinite in Utah and it is one of the major emerging players in the potash sector. The Company has already drilled many exploratory wells on State land but believes that the best potash is located on federal land property, for which permission from the Bureau of Land Management is needed to proceed. Overall, Potmin's project covers a 146 square mile area and it has the potential to be a major player. The receipt of BLM authorization will mark a major milestone for the Company, as it will mean that the full extent of this huge property will be open for development. Therefore, the end of the 30 day public notice is an important step toward this goal. It should be noted that, Potmin enjoys a priority status on obtaining the necessary BLM permits over any other plays prospecting the area.

The BLM land represents Potmin's next drilling phase and it will concern a 30 square mile (75 km. sq.) block of federal land. To this effect, the aforementioned public consultation period was encouraging results. Potmin advised that environmental groups presented seven comments from government agencies and from public and environmental groups. Significantly, during previous hearings, local Native American groups presented no comments or objections, easing the process. The fact that there are no wetlands, endangered species, critical vegetation, neighbors, archeological sites will ease the environmental evaluation process, enabling drilling.

Upon receiving the BLM permits, Potmin plans to drill four exploration holes in the 91,000 acre BLM zone. Potmin and its environmental consultant, Kleinfelder will now have to review the comments and make relevant changes – should any be required – to the October 25, BLM Environmental Assessment. So far, Potmin has received strong support from the State and the Company will be able to rely on good infrastructure to support its operations, including paved roads, railways as well as the necessary construction materials, mining services, industrial equipment and an experienced labor force. Potmin projects a production of some two million tons/year of high grade potash for a period ranging from 25 to 50 years. The receipt of rights has been an admittedly slow process according to Potmin's management.

The Company expects to find high grades of sylvinite in this area and after the initial exploration drilling, based on the results it will determine whether or not to proceed with a request for a preference lease from the government. Potmin believes the investment and time are worth the effort, given its confidence in the value of the resource and its potential. While, there are large potash producers in the United States, Potmin notes that more than three quarters of the total potash used in the United States is imported from Canada, which means that its planned 2.5 million tons/year production would still only partially address US demand. The Potmin property is ideal for solution mining, whereby hot water is pumped in the ground to push up brine containing potash and NaCl (table salt), which is then separated through a process of heating, centrifuging and crystallizing, which also removes the water and recycles it with salt that is pushed back in the hole. Some of the salt can also be sold. Potmin says that this allows for a continuous process of 'mine closure', because the salt is recycled back the soil during the production phase itself, filling in the well.

The area targeted by PotMin was previously explored for oil

and gas deposits and features 38 historic oil & gas drill holes. The current resource estimates are based exclusively on the state lease lands; additional resources will only be included upon PotMin secures a Federal prospecting permit. That said the preliminary results have been favorable with the presence of potassium chloride mineralization (KCl) of between 23.7% and 25.3 %, indicating a strong potential for the presence of mineable sylvinite. Some areas also featured carnalite ($\text{KMgCl}_3 \cdot 6(\text{H}_2\text{O})$), which can be used to produce potash through an evaporation process in order to remove the magnesium chloride. Potmin has already identified the crucial water source, which is at the heart of the solution mining technique; the fact that it is non-potable water, from an on-site source, should also ease environmental and community concerns. Potmin has a unique combination of a massive potash resource coupled with onsite water, gas, electric and transportation to nearby U.S. markets.